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BOARD OF FINANCE

APRIL 25, 2011

MINUTES OF MEETING

Present: Mayor Kiss, Councilor Paul, Councilor Wright, Councilor Mulvaney-Stanak (by telephone). Also Present: CAO Leopold, Assistant CAO Schrader, Assistant CAO Goodwin, Councilor Bushor, Councilor Decelles, Richard Haesler, Assistant City Attorney, Gene Bergman, Assistant City Attorney, Joe Reinert, Assistant to the Mayor, Larry Kupferman, CEDO Director, Doreen Kraft, Director of Burlington City Arts.

1. Agenda

There being no further amendments to the agenda, the agenda was approved as amended.

2. Clerk/Treasurer – McClure Building Lease

Assistant CAO Schrader presented a proposal to lease space for Human Resources, Payroll and the Community Justice Center (CJC). Assistant CAO Schrader explained this lease would replace two leases the City currently had for an annualized savings of approximately \$40,000. However, he noted the City would incur additional costs for the remainder of this calendar year, as the CJC lease would not expire until December 31. Assistant CAO Schrader indicated that the additional cost could be as much as \$40,000 if a tenant couldn't be found to sublet the space or if the current landlord didn't work with the City to replace the CJC.

Councilor Wright made a motion, seconded by Councilor Mulvaney-Stanak, to approve authorizing a lease with Champlain Housing Trust for space for Human Resources, Payroll and CJC and to recommend approval of the same to the City Council. Additionally, the Board urged the Administration to make every effort to sublet or assign the remaining portion of the lease. The motion passed unanimously.

3. Clerk/Treasurer – Annual Reporting

CAO Leopold addressed the Board regarding concerns with the timeliness of the presentation of the annual report and the Charter provision barring an individual from office due to delays in publishing the annual report. CAO Leopold provided the Board with a legal opinion from then-City Attorney McNeil on the subject, indicating that it would be unlikely that an officer would be removed given the intent of the provision being met. CAO Leopold stated the Charter provision should be updated as the current language was not feasible. The annual report contains an audited financial statement that normally would be completed toward the end of the calendar year. Further, it had been his practice to provide financial information in October but not in response to the Charter provision.

In response to an inquiry, CAO Leopold stated that historically the annual report had included compensation for employees of the City. The Charter had not been interpreted in such a way that any company or contractor of the City earning more than \$300 was included in the report. CAO Leopold made a suggestion to refer these issues to the Charter Change Committee.

Councilor Wright made a motion, seconded by Councilor Paul, to refer this matter to the Charter Change Committee for their consideration. The motion passed unanimously.

4. Livable Wage

Councilor Bushor addressed the Board regarding proposed changes to the Livable Wage Ordinance as proposed by the Ordinance Committee. She stated that the Ordinance Committee proposed to change the Livable Wage determination to reflect two individual wage earners in a two bedroom household instead of a single wage earner in a single household. It was also being proposed that the posting of the Livable Wage be done on July 1 instead of the current March 1st requirement. She stated that the Ordinance Committee was requesting feedback from the Board of Finance on these changes.

Assistant City Attorney Richard Haesler explained that one difficulty with this change was that the State currently did not make a determination on two wage earners in a two bedroom household. CAO Leopold expressed that this was the desire of the Board in the past and recommended that the Council take up the proposed changes and also, in the interim, freeze the current Livable Wage until the two wage earner rate caught up to the posted single wage earner rate currently in place.

Councilor Bushor expressed concern with the current ordinance language which required that the Airport comply with the Livable Wage requirement, particularly with carrier agreements. CAO Leopold stated that the current ordinance allows for the Board of Finance and, if not unanimous, the City Council to issue exemptions when the livable wage requirement is not practical, for instance with international banking institutions or air carriers.

Councilor Paul made a motion, seconded by Councilor Wright, to urge the City Council to expeditiously move the proposed ordinance changes forward to adoption and that the Board of Finance support the change from a one wage-earner to two wage-earner determination.

The motion was approved unanimously.

5. Burlington City Arts

Doreen Kraft requested the Board's consideration of a request for additional funds for Burlington City Arts to expand the Jazz Festival offerings during the twilight hours. In response to an inquiry, CAO Leopold indicated there was approximately \$6,000 in the discretionary account.

Councilor Wright moved, seconded by Councilor Paul, to approve \$3,000 of discretionary funds to Burlington City Arts for the twilight Jazz program. The motion was unanimously approved.

6. Discussion of FY12 Budget

CAO Leopold provided the Board with a proposed Budget Schedule beginning April 27th to review the impacts of the deficit reductions required from departments and to discuss the possibility of a General Fund tax increase. He stated that, if it were the Board's desire to move this to a special election, that the election could, at the latest, occur on June 1st or 2nd and that the City needed to post the special election at least thirty days prior to the election. Councilor Paul requested that the proposed reductions provided at the last meeting be provided by line item object code. She also inquired if there were other options or alternatives that would or should be considered.

CAO Leopold stated that the list had been compiled based upon prior input from departments and were determined to have a minimum impact on the quality and quantity of services without appearing to be threatening to the public. In response to an inquiry, CAO Leopold stated that as far as FY 11 was concerned, it appeared the budget would be close to balanced without a contribution to the Fund Balance. He stated the general rule was not to use the Fund Balance to offset re-occurring operating expenses, but indicated that it could be used to replenish the insurance reserve account in 2012 after the 2011 financials were known.

Mayor Kiss reiterated that it was his recommendation that the Board support a 2 cent tax increase to preserve services but, at the very least, make short term reductions with the idea that they could be restored when the economic condition of City residents improved. In response to Councilor Wright, CAO Leopold recommended that if any member had other ideas for reductions they would like considered, they should be forwarded to him for inclusion on the agenda.

CAO Leopold indicated that if there were not a 2 cent increase the impact to the 2012 Budget would not be devastating, but the 2013 budget most likely could not be balanced without a serious reduction and impact on safety services. It was the consensus of the Board that the Administration provide details on the impacts on services with the proposed reductions in expenses.

Councilor Paul moved, seconded by Councilor Wright, to adjourn. The meeting was adjourned at 7:03 p.m.